

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4756-01
Bill No.: HB 2063
Subject: Agriculture and Animals; Counties; Economic Development; Taxation and
Revenue - General, Sales and Use
Type: Original
Date: March 12, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(\$27,588) to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on <u>All</u> State Funds*	(\$27,588) to UNKNOWN	\$0 to UNKNOWN	\$0 to UNKNOWN

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government*	\$0 to UNKNOWN	\$0 to UNKNOWN	\$0 to UNKNOWN

*** This proposal is permissive. Voter approval would be required before fiscal impact would be realized.**

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue (DOR)** assumes this legislation authorizes every county in the state to impose a voter approved one-quarter of one percent sales tax for rural economic development.

DOR assumes program changes to MITS are necessary to notify of the rate change. The reporting and distribution programs will also need to be changed in order to collect and distribute the additional tax to the appropriate counties. DOR estimates the above program changes will require 692 hours of programming at a total cost of \$23,085. The State Data Center cost to implement the proposed legislation is \$4,503.

Officials of the **Department of Agriculture (AGR), Secretary of State (SOS), Office of the Lieutenant Governor (MLG)** and the **Office of the Governor (GOV)** assume this proposal would not fiscally impact their agencies.

Officials of the **Department of Economic Development (DED)** assumes the proposal gives the Rural Economic Development Commission authority similar to the Rural Communities Economic Assistance Program authorized in Chapter 620.163 RSMo.

The bill should have no impact on DED. It authorizes, by vote, a rural economic development sales tax. The only impact on DED seems to be the fact that the Director of DED is required to serve as a member of the Rural Economic Development Commission within Agriculture.

Officials of the **State Treasurer (STO)** assume the intent of this proposal is that the sales tax trust fund is not deemed state funds and therefore administered by the DOR. STO assumes this legislation would not fiscally impact their agency.

Oversight assumes this proposal is permissive and would require voter approval before any positive fiscal impact would be realized by the counties or the state. Oversight assumes the revenue impact of this legislation is unknown. Oversight presented the fiscal impact in a range of no voters passing such measure to an unknown number of counties passing the sales tax measure. Oversight assumes the local sales tax, at the earliest, would be passed by voters in November 2002, and therefore, would become effective April 1, 2003. With a month of lag time, only 2 months of revenue would be realized in FY 2003. Oversight also assumes the DOR would complete the programming changes related to the local sales tax in FY 2003.

This legislation could increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (2 Mo.)	FY 2004	FY 2005
GENERAL REVENUE FUND			
<u>Income - General Revenue</u>			
1% collection fee	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Cost - Dept. of Revenue</u>			
Programming costs	(\$27,588)	\$0	\$0
TOTAL ESTIMATED NET EFFECT ON GENERAL REVENUE FUNDS	<u>(\$27,588) to UNKNOWN</u>	<u>\$0 to UNKNOWN</u>	<u>\$0 to UNKNOWN</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (2 Mo.)	FY 2004	FY 2005
COUNTIES			
<u>Income - Rural Economic Development</u>			
Sales Tax Trust Fund			
.25% sales tax increase*	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Transfer Out - General Revenue</u>			
1% collection fee	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
TOTAL ESTIMATED NET EFFECT ON LOCAL FUNDS*	<u>\$0 to UNKNOWN</u>	<u>\$0 to UNKNOWN</u>	<u>\$0 to UNKNOWN</u>

*Note: Voter approval at local elections of the Rural Economic Development Local Sales Tax measure must occur to realize the impact. For fiscal note purposes, Oversight presented the fiscal impact in a range of no counties approving the measure to an unknown number of counties approving the measure at their legal extent.

FISCAL IMPACT - Small Business

Small businesses could pay an increased sales tax on purchases. Certain small businesses could benefit from this proposal for rural economic development.

DESCRIPTION

KS:LR:OD (12/01)

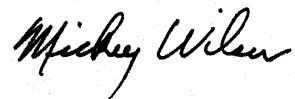
The bill allows all counties except Cass, Clay, Jackson, Platte and the City of St. Louis to levy a voter-approved sales tax of 0.25% for the purposes of funding operations of rural economic development training for job creation or retention in rural areas, infrastructure and sites for industrial or agricultural development in rural areas, or for public infrastructure projects in rural areas. The sales tax revenue generated will be deposited into the Rural Economic Development Sales Tax Trust Fund, which the bill creates. The sales tax will be in effect for no more than 10 years from the date of voter approval and cannot be implemented after January 1, 2013.

The bill also creates the Rural Economic Development Commission which is a body corporate and politic. The bill outlines the membership and responsibilities of commissioners. The commission will not exist after January 1, 2013.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Agriculture
Department of Economic Development
Secretary of State
State Treasurer
Office of the Lieutenant Governor
Office of the Governor



Mickey Wilson, CPA
Acting Director
March 12, 2002